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On the Cover:

Part of SGI's team of more than 1,300 friendly and efficient staff. They are (from left) Donna Dahl, Sherry Bodnarchuk, Lawrence Dalke, Miguel Araneda, Chet Niemczyk, Joan McCallum and Jerome Brotzel.

Regina, Saskatchewan
March, 1990

To Her Honour,
The Honourable Sylvia Fedoruk,
Lieutenant-Governor of the Province of Saskatchewan

Letter of transmittal

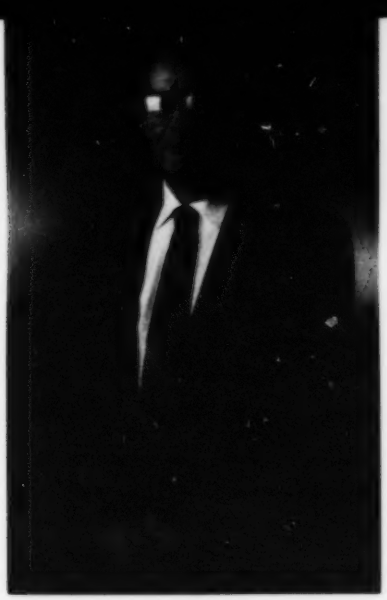
Madam:

I have the honour to submit herewith the annual report of Saskatchewan Government Insurance for the year ended December 31, 1989, including the financial statements in the form required by the Treasury Board and in accordance with the Saskatchewan Government Insurance Act.

I have the honour to be, Madam,

Your obedient Servant,

Grant Schmidt
Minister Responsible for
Saskatchewan Government Insurance



Chairman's letter

1989 was a challenging year, and we can all be proud of the impressive results. On behalf of the Board of Directors, I am pleased to present SGI's 1989 annual report.

SGI, with its $22.7 million profit, has once again shown itself to be a strong and successful competitor. Although confined to operate within provincial boundaries, SGI continues to compete effectively against larger national and international companies.

Having faced major losses from some of the worst summer storms in years, SGI completed 1989 as its most successful year ever. Customers know they can rely on SGI, with its emphasis on service, rate stability and quality coverage. SGI employees can be proud of their contribution to this success through their teamwork and innovation, and particularly, of their high commitment to customer service.

I look forward to continued success in the future.

Allan W. Wagar
Chairman of the Board

Board of directors

Mr. Allan W. Wagar
Chairman
Regina

Honourable Grant Schmidt
Minister Responsible for SGI
Vice-Chairman

Mr. Arden E.B. Erman
Saskatoon

Mr. Eli L. Fluter
Regina

Mrs. Bonnie L. George
Wadena

Mr. James N. Goring
Biggar

Mr. Ted Henson
Saskatoon

Mr. Ron W. Jeffery
Weyburn

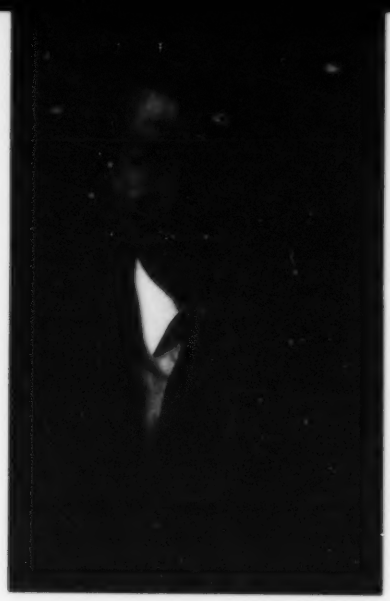
Mrs. Marjorie Jermyn
Regina

Mr. Donald R. Leier
Saskatoon

Mr. D. A. K. MacLean, Q.C.
Regina

Mr. George F. Shaw
Esterhazy

Mr. Ed Sulewski
Paddockwood



President's letter

At SGI, service makes the difference. In Saskatchewan, we serve more than 250,000 policyholders and we compete with about 165 other insurance companies. We provide quality products at competitive prices with service second to none. We provide jobs for Saskatchewan people and contribute to the economic well-being of the province. And we do this while still maintaining a stable and profitable business operation.

In fact, 1989 was the most successful year ever for SGI. I am very pleased to report a profit of $22.7 million, the best in SGI's history. Clearly, our commitment to Saskatchewan, combined with a sound business strategy based on service excellence and quality products, has been a formula for success.

1989 presented a number of challenges. The worst series of summer storms in the past several years hit Saskatchewan, bringing in $6.7 million in storm claims. Aggressive competitors slashed prices in 1989 to increase their market share in Saskatchewan. Tight economic times made consumers more conscious of getting the best combination of low cost and value for their insurance dollars.

Despite these considerable tests, at the end of the year we emerged stronger than ever—with solid support from the brokers who represent us, high levels of satisfaction and loyalty from our customers throughout the province, and an improved financial situation.

The reasons for our success? The reasons we outperform the industry, and continue to be number one in Saskatchewan? People...the brokers who sell our products, the adjusters who handle claims, and all the people behind the scenes who make things happen. Their professional attitude and ability and their commitment to our customers is what makes the difference.

We are proud of the friendly and efficient service that has made SGI one of the most successful insurance companies in Canada, and I am confident that the coming decade holds the promise of continued success and accomplishment.

Alex Wilde
President

Vice presidents

Alan Cockman
Vice President
Claims

Larry Fogg
Vice President
Finance and Administration

Grant Gibson
Vice President
Systems

Doug Kopp
Vice President
Underwriting

Bob Warren
Vice President
Motor Vehicle Division

Assistant vice presidents

Jack Davidson
Salvage Operations

Andy Forgie
Systems

George Germaine
Claims

Randy Heise
Finance

Dave Hick
Motor Vehicle Division

Paul Landry
Traffic Safety Services

Ken Lerner
Litigation and Legal Affairs

Ron Love
Corporate Services

Gerry Marsden
Reinsurance

Jim Martyn
Corporate Relations

Ron McGrath
Systems

Chet Niemczyk
Claims

Arun Patel
Human Resources

Jim Roberts
Agency Relations

Jon Schubert
Personal Lines

Bob Strang
Commercial Lines

Fred Urschel
Underwriting Operations

SGI's corporate Vision and Values

At SGI, we value teamwork. Our staff, like Underwriters Rina Johnston and Rod Dillon, work together to ensure the quality of our products and services.

SGI is a leader in the insurance industry, and reaching the top was no accident. We're a team of more than 1300 men and women with a clear idea of why we're here and what we're trying to do.

Our Corporate Vision and Values tell us that we're not just another insurance company. We care about the people we do business with and the people who work for us. We are part of the Saskatchewan community.

Located in 17 claims centres in 13 towns and cities across the province, our staff use innovation, professionalism and efficiency to give our customers the security and service they deserve. We work with 400 independent agents, located in 340 communities in Saskatchewan, to provide protection for homes, businesses, farms and personal property for more than 250,000 policyholders.

Financial summary

Simply put, 1989 was our best year ever. With a profit of $22.7 million, 1989 marked the fourth straight year of stable and profitable operations. We are especially pleased to report an underwriting profit of $5.4 million, a significant achievement. Under normal circumstances this would be noteworthy, but it is particularly significant considering the extremely competitive insurance market and the weak performance of the insurance industry across Canada.

Our profitability results primarily from an extremely favorable overall loss ratio, which compares claims incurred to premiums earned. The industry considers 70 per cent to be a benchmark of profitability. In 1989, SGI's overall loss ratio was 54 per cent, an even better overall rating than in 1988.

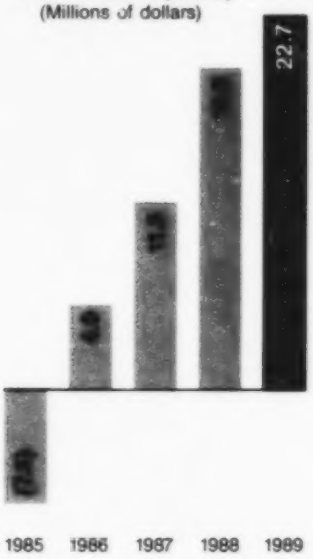
Our overall loss ratio is especially remarkable considering the severe wind and hail storms that hit Saskatchewan in the summer of 1989. Even with $6.7 million in major storm claims, we were able to maintain our profitability. A combination of good cost control, proper pricing, solid risk selection and greater public attention to safety and loss control have contributed to our successful results.

Under pressure of intense competition, and facing a shrinking commercial insurance market, SGI lost some business in 1989. As a result, premiums earned in 1989 were $114.9 million, down slightly from 1988.

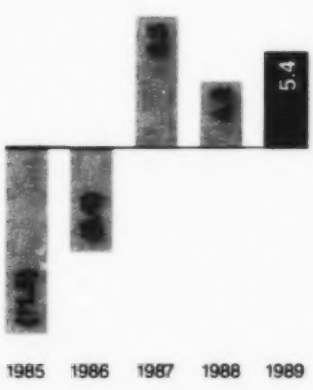
Policy counts were down in all lines of business, largely due to the economic downturn. The number of claims also decreased by about 10 per cent in 1989 to 73,279.

1989 was a year of change and challenge, but anchored by our corporate values, and sure of our corporate vision, we completed the year in a better financial position than ever before.

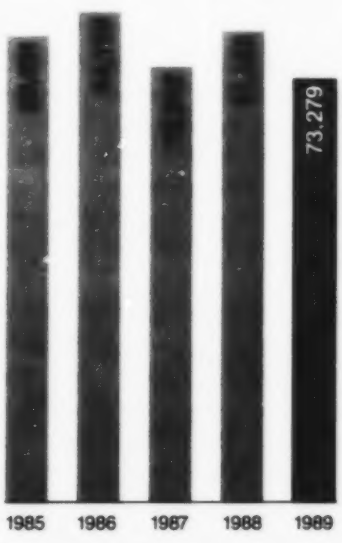
NET INCOME (LOSS)
(Millions of dollars)



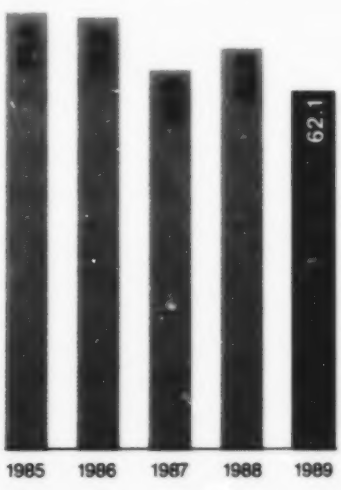
UNDERWRITING PROFIT (LOSS)
Direct Net of Ceded
(Millions of dollars)



NUMBER OF CLAIMS



CLAIMS INCURRED
Direct Net of Ceded
(Millions of dollars)



The year in review

SGI builds solid working relationships with business people like Milestone agent Earl Garratt. More than 400 agents in 340 communities deliver SGI products to Saskatchewan people.

In 1989, we focussed on improving our innovative product line, and we introduced some package features as standard that other companies consider "extras." We enhanced our coverage for automobiles and we introduced a 10 per cent age 55 discount on our Home, Agro, Tenant and Mobile Home Paks. We expanded our replacement cost coverage to include not only cars but also private and farm pickup trucks and vans. We introduced more options on our non-owned driver's policy and an annual endorsement for people who travel in rented vehicles. We also increased belongings coverage for the home.

WE ARE COMMITTED TO EXCELLENCE

Our "You Deserve the Best" product advertising campaign promoted our reliable claims service, our provincial network of insurance brokers, and our comprehensive coverage and competitive rates.

In our commercial lines area, competition was especially keen because of the tough economic situation experienced by small businesses in Saskatchewan and aggressive competition from out-of-province insurers. We responded with a strategy of fair pricing and a commitment to top-quality protection.

Working with our agents, we suggested ways vehicle fleet owners and other customers could reduce their premiums and maintain necessary coverage. We added a new product by expanding our Business Owner's Value Pak to offer coverage to small contractors.

Our aim is no less than excellence. Every day, we concentrate on offering top-notch products, efficient service, and reasonable prices.

In 1989, we expanded our popular Business Owner's Value Pak to include coverage for small contractors.

How we do it

Buying insurance is actually buying peace of mind...a guarantee of hassle-free protection in the event of a loss. The measure of quality insurance comes when the customer has a claim. The people at SGI know this and were called upon to prove it in 1989.

WE SUCCEED BY HELPING OUR CUSTOMERS

When the worst summer storms in years ravaged the Moose Jaw, Cut Knife and Peebles area, many of our employees voluntarily cut short their holidays and worked overtime. Everybody pitched in—often travelling miles from home—to offer their energy and expertise to help our customers settle their claims quickly. Our Claims people authorized payments—often on the spot—helping families return to their routines as quickly as possible. These emergency circumstances are the true test of customer service and, based on our customers' responses, we passed with flying colors.

We appreciate and encourage this responsiveness by our Claims staff. Our Customer Service Recognition Program is one of the ways we recognize the great service they deliver. Every year, based on positive comments from claimants, we make a special presentation to our top two adjusters for their good work.

The results of SGI's attention to customers' needs are demonstrated by our large market share and strong customer loyalty. We are pleased that our surveys show more of our customers than ever are very satisfied doing business with SGI. Each month we survey a large number of claimants with a recently settled claim. The results show that in 1989 we again increased our already high satisfaction rating.

More customers than ever reported that knowledgeable staff delivered prompt, courteous service.

WE COMMUNICATE OPENLY AND ENCOURAGE TEAMWORK, INNOVATION AND RISK-TAKING

At SGI, we take teamwork seriously, and we recognize the importance of developing the skills and professionalism of all of our staff.

In 1989, we emphasized our commitment to our comprehensive training and development program. In addition to detailed technical training

Now that's teamwork! SGI adjusters from around Saskatchewan pitched in to help when severe summer storms hit Moose Jaw in 1989. They worked long hours to settle our customers' claims as quickly as possible.

courses, we brought in internationally-known speakers with fresh and innovative ideas to help staff make the best possible contribution to a successful operation. Staff responded enthusiastically, including many who worked on their own time to enhance their skills.

OUR EMPLOYEES ARE CRITICAL TO OUR SUCCESS

In 1989, we made better use of our staff experts to make sure that claims settlements are handled efficiently and fairly. Our highly trained technical professionals reviewed large losses and drew up contractors' specifications. Our investigations unit continued their work to examine suspicious claims, and in 1989, took on a greater training responsibility. Their expertise was recognized in being asked to make presentations to outside investigative groups, including fire fighters and police, and to contribute to the training of claims adjusters.

Teamwork with the brokers who deliver our products is also a priority. Considered unique in the industry, our annual Agents' Convention was a great success. SGI agents and their guests took part in a series of professional development seminars designed to educate agents, improve service and encourage an exchange of new ideas with SGI.

Behind the scenes, our efficient clerical staff—like Moose Jaw Clerk Wendy Bauer—keep things organized and running smoothly.

The way we do the job is important to us

At SGI, we know that it's important to do the right thing. Through on-going communication we emphasize this to all our staff. An advisory team called the President's Committee for Service Excellence, composed of a cross-section of staff, is one of the numerous ways we share ideas on how to ensure that we live up to our values on a day-to-day basis.

At regular meetings of the President's Committee for Service Excellence, SGI President Alex Wilde (centre) listens to ideas from staff representatives, including Debbie Norman and Terry Graff.

WE CONDUCT OUR AFFAIRS WITH INTEGRITY AND IN ACCORDANCE WITH RESPONSIBLE BUSINESS PRINCIPLES

As a method of including brokers in helping achieve our goals, we continued our regular meetings of the Agents' Action Circle, a forum for ideas and feedback on operational issues, and the President's Round Table, a forum for discussion on strategic planning.

WE BELIEVE IN MUTUALLY BENEFICIAL BUSINESS RELATIONSHIPS

The President's Round Table brings together SGI staff and independent agents from around the province to share ideas.

We support the community

At SGI, we strive to give something back to the communities we serve. SGI is a major contributor to dozens of non-profit community organizations, and supports numerous sports, health and educational organizations.

We are active supporters of Crimestoppers in Saskatchewan, and our staff are encouraged and supported in their involvement in service clubs and other community activities.

WE CONTRIBUTE TO THE ECONOMIC AND SOCIAL WELL-BEING OF THE PROVINCE AND COMMUNITIES IN WHICH WE OPERATE

In 1989, we made substantial donations to support the Saskatchewan Science Centre, and the Saskatchewan Airshow. We continued our corporate sponsorship of the Saskatchewan Roughriders. Because we want our youngsters to grow up safe and responsible, we provided a three-year grant for the Boy Scouts' loss prevention program.

At SGI, we believe in Saskatchewan.

David Mitchell of Moose Jaw tries out the Bubble Exhibit sponsored by SGI at the Saskatchewan Science Centre, opened in Regina in 1989. Supporting the communities in which we work is important to SGI.

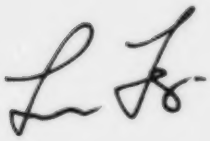
Two great Saskatchewan traditions: the Roughriders and SGI. Staff representatives stirred up Rider pride for SGI's Rider Day in September, 1989, one step on the road to Grey Cup victory.

Responsibility for financial statements

The financial statements have been prepared by the management of the corporation in conformity with accounting principles generally accepted in Canada. The financial statements have been examined and approved by the Board of Directors. The independent auditors have performed an audit of the corporation which has enabled them to express their opinion on the financial statements of the corporation. This opinion is shown on page 15.

Preparation of financial information is an integral part of management's broader responsibilities for the ongoing operations of the corporation. Management maintains an extensive system of internal accounting controls to ensure that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial statements. The adequacy and operation of the control systems are monitored on an ongoing basis by an internal audit department.

An Audit Committee, composed of members of the Board of Directors of SGI, meets periodically with financial officers of the corporation and the independent auditors. These independent auditors have free access to this Committee, without management present, to discuss the results of their audit work and their opinion on the adequacy of internal financial controls and the quality of financial reporting.



Larry Fogg
Vice President
Finance and Administration

Auditor's report

March 15, 1990

To the Members of the Legislative Assembly
Province of Saskatchewan:

We have examined the statement of financial position of Saskatchewan Government Insurance as at December 31, 1989 and the statements of operations and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the corporation as at December 31, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

Chartered Accountants
Regina, Saskatchewan

Statement of financial position

December 31	1989	1988
	(Thousands of $)	
Assets		
Cash and Investments Maturing Within One Year	$ 42,137	$ 42,999
Accounts Receivable	19,581	19,782
Deferred Policy Acquisition Costs	14,060	14,609
Deferred Charges (Note 9)	547	1,293
Long-Term Investments (Note 3)	134,662	124,087
Net Investment in Capital Lease (Note 4)	5,120	5,187
Property and Equipment (Note 5)	22,786	23,972
	$238,893	$231,929
Liabilities		
Accounts Payable and Accrued Charges	$ 5,214	$ 9,190
Premium Taxes Payable	4,783	5,097
Amounts Due to Reinsurers	4,068	4,261
Provision for Unpaid Claims (Note 6)	88,814	97,463
Unearned Premiums	57,940	60,543
	160,819	176,554
Capitalization		
Advances (Note 7)	57,000	57,000
Retained Earnings (Deficit)	21,074	(1,625)
	78,074	55,375
	$238,893	$231,929

(See accompanying notes)

Statement of operations and retained earnings

Year Ended December 31	1989	1988
	(Thousands of $)	
Premiums Written	$112,299	$119,334
Premiums Earned	**$114,901**	$120,843
Claims Incurred	62,022	69,268
Commissions	21,896	23,321
Premium Taxes	4,922	5,217
Administrative Expenses	20,711	18,814
Total Claims and Expenses	**109,551**	116,620
Underwriting Profit	**5,350**	4,223
Investment Earnings (Note 10)	17,349	15,579
Net Profit for the Year	**22,699**	19,802
Retained Earnings (Deficit):		
Balance Beginning of Year	(1,625)	(21,427)
Balance End of Year	**$ 21,074**	$ (1,625)

(See accompanying notes)

Statement of changes in financial position

Year Ended December 31	1989	1988
	(Thousands of $)	
Operating Activities		
Net Profit for the Year	$22,699	$19,802
Depreciation and Amortization	3,652	2,284
Realized Gains on Disposal of Investments and Property and Equipment	(971)	(142)
	25,380	21,944
Decrease in Deferred Policy Acquisition Costs	549	658
Decrease in Accounts Receivable	201	137
(Increase) Decrease in Deferred Charges	746	(486)
Decrease in Provision for Unpaid Claims	(8,649)	(486)
Decrease in Unearned Premiums	(2,603)	(1,508)
Decrease in Accounts Payable and Accrued Charges	(3,976)	(1,264)
Decrease in Premium Taxes Payable	(314)	(350)
Decrease in Amounts Due to Reinsurers	(193)	(2,062)
Cash Provided By Operating Activities	**11,141**	16,583
Investing Activities		
Long-Term Investments		
—Purchases	(37,001)	(39,617)
—Proceeds on Sale	27,150	24,245
Capital Lease Repayment	67	60
Property and Equipment		
—Purchases	(2,393)	(4,841)
—Proceeds on Disposal	174	55
Cash Used for Investing Activities	**(12,003)**	(20,098)
Decrease in Cash and Investments Maturing Within One Year	**(862)**	(3,515)
Cash and Investments Maturing Within One Year:		
Balance Beginning of Year	42,999	46,514
Balance End of Year	**$42,137**	$42,999

(See accompanying notes)

Notes to the financial statements

December 31, 1989

1. Significant Accounting Policies

The corporation's accounting policies are in accordance with generally accepted accounting principles. The following are considered to be significant:

Premiums

Premiums written are taken into income over the terms of the related policies. Premiums not yet taken into income represent the portion of the policy premiums relating to the unexpired term of each policy.

Deferred Policy Acquisition Costs

Premium taxes, commissions and certain underwriting and policy issuance costs are charged to expense over the terms of the insurance policies to which such costs relate. Policy acquisition costs are deferred only to the extent that anticipated future claims and expenses net of investment earnings do not exceed unearned premiums.

Investments

Bonds, debentures and mortgages are recorded at amortized cost. Shares are recorded at cost. Investments are written down when there is a decline in value that is other than temporary.

Investment Earnings

Interest is recorded as income on the accrual basis. Dividends are recorded as income on the record date. Gains and losses realized on the disposal of investments are recognized in income on the date of sale.

Provision for Unpaid Claims

The provision for unpaid claims includes the estimated cost to the corporation of reported claims, an estimate based on the claims settlement experience of the corporation of the cost of claims incurred but not reported, and an estimate of adjustment expenses to be incurred on the settlement of these claims.

Capital Lease

Investment earnings related to the direct financing lease are recognized in a manner that produces a constant rate of return on the investment in the lease. The net investment in the lease is composed of net minimum lease payments less unearned finance income.

Property and Equipment

Fixed assets are recorded at cost less accumulated depreciation. Depreciation is recorded on a straight-line basis, commencing in the year in which the assets are placed in service, over their estimated useful lives as follows:

Building	$2^{1}/_{2}$%
Computer Equipment	20 – 50%
Office Equipment	20%

Foreign Currency Translation

Monetary items are adjusted to reflect the exchange rate in effect at the year-end. Share investments, revenues and expenses are translated at the exchange rate in effect at the transaction date. Unrealized gains and/or losses arising on translation are charged to operations in the current year.

Administrative and Claims Adjusting Expenses

The corporation as administrator of the Saskatchewan Auto Fund provides certain services to both the corporation and the Fund. The administrative and claims adjusting expenses relating to these services are charged to the corporation and the Fund on the basis of specific allocations.

Direct administrative expenses are charged directly to the corporation's operations.

2. Status of the Corporation

Saskatchewan Government Insurance was established as a branch of the Public Service by the Government of Saskatchewan Insurance Act, 1944, reorganized pursuant to the Saskatchewan Government Insurance Act, 1946, and continues under the provisions of the Saskatchewan Government Insurance Act, 1980.

The corporation conducts a property/casualty insurance business under the provisions of its Act and also acts as administrator of the Saskatchewan Auto Fund under the provisions of the Automobile Accident Insurance Act (Chapter A-35, Revised Statutes of Saskatchewan, 1978).

The accounts of Saskatchewan Government Insurance are consolidated in the annual financial statements of the Crown Investments Corporation of Saskatchewan, the financial holding company of the Province of Saskatchewan.

3. Long-Term Investments

The components of the corporation's long-term investments are as follows:

	(Thousands of $)			
	1989		1988	
	Book Value	Market Value	Book Value	Market Value
Bonds and Debentures	$ 91,830	$ 92,542	$ 97,163	$ 96,654
Mortgages	5,146	5,088	5,216	5,208
Shares and Convertible Bonds	37,686	42,343	21,708	22,014
Total Long-Term Investments	$134,662	$139,973	$124,087	$123,876

4. Net Investment in Capital Lease

The corporation, as lessor, has a 37 per cent interest in a lease agreement with a Government department for a term of thirty years (twenty-one years remaining) on property in Prince Albert, Saskatchewan. The lease transferred substantially all of the benefits and risks incident with the ownership of the property to the lessee.

The corporation's net investment in capital lease includes the following:

	(Thousands of $)	
	1989	1988
Total Minimum Lease Payments Receivable ($583,000 per year)	$12,393	$12,977
Unearned Income	(7,273)	(7,790)
Net Investment in Capital Lease	$ 5,120	$ 5,187

5. Property and Equipment

The components of the corporation's investment in property and equipment, as well as the related accumulated depreciation, are as follows:

	(Thousands of $)			
	1989			1988
	Cost	Accum. Depr.	Net Book Value	Net Book Value
Land and Improvements	$ 912	$ —	$ 912	$ 912
Building	18,887	4,902	13,985	14,456
Computer Equipment under Capital Lease	4,141	847	3,294	6,276
Computer and Office Equipment	11,219	6,624	4,595	2,328
Total	$35,159	$12,373	$22,786	$23,972

Title to computer equipment under capital lease transfers two years after the date of purchase. Full account payment is made on normal thirty day payment terms.

6. Provision for Unpaid Claims

The provision for unpaid claims includes reserves for direct, ceded and assumed business. Although the corporation discontinued its practice of underwriting assumed reinsurance business in 1985, it remains financially responsible for claims run-off on assumed contracts.

An independent actuarial valuation of the corporation's December 31, 1989 unpaid claims reserve has been completed. The reserve, while believed to be adequate, is necessarily based on estimates and includes the following:

	(Thousands of $)	
	1989	1988
Direct	$67,521	$75,110
Ceded	(4,578)	(6,664)
Direct Net of Ceded	62,943	68,446
Assumed	25,871	29,017
Total Provision for Unpaid Claims	$88,814	$97,463

7. Advances

Advances from the Crown Investments Corporation of Saskatchewan (CIC) are non-interest bearing and repayment is at the discretion of CIC.

8. Ceded Reinsurance

The corporation underwrites and reinsures contracts of insurance which, in the main, limit the liability of the corporation to a maximum amount on any one loss of $250,000 (1988 – $250,000) for dwelling and farm property, $1,000,000 (1988 – $1,000,000) for commercial property and $750,000 (1988 – $750,000) for auto and liability coverage. This reinsurance does not, however, relieve the corporation of its primary obligation to its policyholders.

In 1989, ceded reinsurance premiums earned were $11,863,000 (1988 – $13,845,000); commission recoveries were $2,801,000 (1988 – $2,545,000); and claims incurred were $1,506,000 (1988 – $4,746,000).

At year-end, the corporation held letters of credit outstanding of $682,000 (1988 – $1,500,000) and deposits of $192,000 (1988 – $161,000) relating to reinsurance arrangements with unlicensed reinsurers.

9. Superannuation Plans

The corporation has a defined benefit pension plan for certain of its employees which has been closed to new membership since 1980. Current service costs of this plan are charged to earnings on the basis of actuarial valuations, the most recent valuation being as of December 31, 1987.

Based on the December 31, 1987 actuarial valuation and a projection to December 31, 1989, the present value of accrued pension benefits attributed to services rendered and the value of pension fund assets is $25,349,000 (1988 – $22,075,000) and $28,630,000 (1988 – $31,914,000) respectively. The deferred charge for pension costs at year-end is $547,000 (1988 – $1,293,000).

The corporation also has employees who are members of the Crown Investments Corporation of Saskatchewan (CIC) Pension Plan. The corporation matches employee contributions to this defined contribution pension plan.

In 1988, 336 of the active members in the defined benefit plan transferred their membership, contributions and interest to the CIC defined contribution plan. In 1989, an additional payment ($4,142,000) was made to the CIC plan representing the transferred members' share of the accumulated past service surplus in the defined benefit plan.

The 1989 pension expense for the two pension plans is $2,566,000 (1988 – $1,577,000), including the amortization of the defined benefit plan past service surplus and plan amendments.

10. Investment Earnings

The components of investment earnings are as follows:

	(Thousands of $)	
	1989	1988
Interest and Dividends	$15,854	$14,915
Realized Gains on Sale of Investments	978	141
Income from Capital Lease	517	523
Total Investment Earnings	$17,349	$15,579

11. Related Party Transactions

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown-controlled departments, agencies and corporations with which the corporation is related.

Account balances resulting from these transactions are included in the Statement of Financial Position and are settled on normal trade terms. Other amounts due to (from) related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

12. Subsequent Event

On March 15, 1990, the corporation's Board of Directors declared a dividend in the amount of $20,000,000 to be paid on that day to the Crown Investments Corporation of Saskatchewan.

13. Comparative Financial Information

For comparative purposes, certain 1988 balances have been reclassified to conform with the 1989 financial statement presentation.